



North Idaho College

Dormitory Housing Commission Annual Meeting Minutes

April 25, 2023 at 2:00 p.m.

Edminster Student Union Building, Driftwood Bay Room

Call to Order and Verification of Quorum

Commissioner Armon called the meeting to order at 2:05 p.m. and verified that a quorum was present.

Attendance:

Commissioner Present in person: Commissioner Armon
Commissioner Present in person: Commissioner Thomas
DHC Secretary Present in person: Sarah Garcia

Auxiliary Services Accountant Steve McGroarty offered to the Commissioners that given the college status and accreditation, would you like to have a discussion regarding those topics before the budget proposal or following?

Commissioner Armon shared he has a couple questions. Question Number 1 - How far can we cut and still have enough revenue to sustain the debt we have? Question Number 2 – How much reserve do we have if we have to pay off the debt early?

Accountant Steve McGroarty shared that the budget will show we have enough for 1.25 debt-service ratio going into next year. We're at a 5% enrollment decline going into next year. If that number reduces much more, then our student fees will go down percentage-wise as well. As of this time, our enrollment numbers will show we are 13.2% down fall to fall at 120 days out from the start of the fall semester. From a student fee standpoint, we really can't go down much more than that.

Commissioner Armon requested to confirm that we are almost at borderline right now?

Accountant McGroarty shared that we are. Financially, the saving grace we are experiencing is the Residence Hall. Since that is all paid off, there's a good bottom line that is helping our other

operations: bookstore, dining services, Student Wellness and Recreation Center, so that's a real positive. The fact that we are in year two of the SWRC interest and principal, that drags us down a little bit more but with that healthy bottom line in the residence hall, we're in pretty good shape.

Right now we have 101 Residence Hall contracts for fall and we were at 103 around last year this time. Of those 101, 46 of those are returners. Accountant McGroarty shared price comparisons about the competition and that we've only had a 5% total increase since FY2020.

FY2023 is the first year where we will experience a loss in Dining Services, due in part to a change in contract type. We were in a P&L model where our provider took all of the revenues and we had a small amount of expenses but it was commission based so the risk was very minimal. COVID we changed to a cost-plus agreement so all of the costs associated with operations are costs of the college now. Cost plus 5% is our partnership agreement now which is pretty standard.

As we are talking about bookstore and dining services, we undertook an RFP process for both of those operations in the fall. Just about the time we were naming finalists, the accreditation show cause sanction came about so we took a step back. We looked at what's the best approach, went to college leadership and recommended that we pause that search and go to our current providers and offer a one-year extension. Follett and Sodexo both agreed to the one-year extension so those contracts are in place through June 30, 2024.

Secretary Garcia shared possible scenarios, that the conversation regarding how things are managed will need to be based on statute and that a portion of those discussions will involve the DHC. The bonds are written on student fee revenue and if not all of the student revenue is coming directly to us through our processes, do we need to readdress the bond documents potentially to rewrite them to explain how that support is garnered? If we did have students from multiple institutions here, you would be opening up our resources to those other students.

Commissioner Armon asked about the \$180? That's not written in stone?

Secretary Garcia shared there's actually a covenant in the documents that states that Secretary Garcia has the responsibility that if the \$180 is not adequate to provide debt service, I have the obligation to notify the Board of Trustees of the college, and they have to raise that fee.

Commissioner Armon requested confirmation that it's mandated? They have to charge it?

Secretary Garcia confirmed, yes, they must charge the fee. With the Residence Hall bond maturing and only the Recreation Center bond remaining, we're not even allowed to reduce

that fee until we have two consecutive years of 1.75% coverage at the \$180 before we can even think about reducing it. That's built into the bond's legal documents. Secretary Garcia shared she will be working with Steve and US Bank and how do we incorporate DHC into this future plan and make sure we've got it set up appropriately.

Commissioner Armon asked US Bank is the Trustee on the bonds?

Secretary Garcia confirmed US Bank is the Trustee. If worst case scenario we defaulted on the bonds in some way, US Bank would take over the management and administration of the bonded facilities.

Commissioner Armon asked and that would only be the Rec Center?

Secretary Garcia confirmed, yes.

Commissioner Armon asked because nothing else is bonded?

Secretary Garcia shared she is not sure if they could take over the cross pledged revenue. She will have to look at that piece. They would take over the administration and then they manage the profit and loss and then use the profit and loss to pay the bond holders. No one wants to end up there. She shared she thinks even if we don't have a legal obligation, we have a moral and ethical obligation as an institution to support the bonded properties of the DHC.

Commissioner Armon asked what is the reserves of the DHC right now? I think our total indebtedness is about 7.5 million?

Accountant McGroarty shared that 4.3 is our current fund balance through last year. We have about 7.66 in outstanding.

Additional discussion regarding funding opportunities and potential scenarios if NIC were to lose accreditation.

Accountant McGroarty introduced Jayson Ulrich, Coordinator of the Student Wellness and Recreation Center and Campus Recreation.

Secretary Garcia shared that the biggest concern at this point in time is making sure we preserve the tax-exempt status of the bonds and that's making sure that we're using the facility for tax exempt purposes.

Action Item: Review/Approval of Minutes:

The minutes from April 20, 2022 were reviewed.

Commissioner Armon made a motion to approve the minutes of April 20, 2022 as presented; Commissioner Thomas seconded the motion; Motion passed unanimously.

NEW BUSINESS:

Action Item: Tab 1: FY2024 Annual Budget Proposal, Dormitory Housing Commission Operations

Steve McGroarty

Accountant McGroarty discussed FY2024 operational areas including:

Traditional Auxiliary Services

Contracted Services

- Cardinal Bookstore
- Dining Services
- Financial Services
- Residence Hall
- Student Union Operations
- Student Wellness & Recreation Center (SWRC)

Funding Sources include:

- Sales and Rentals of Goods, Services and Facilities
- Collection of Student Fees - \$180 for a 12-credit seeking student

Auxiliary Services Mission Statement – Auxiliary Services support student success and the academic mission of the college by providing quality products, services, and facilities to students, faculty, staff, and guests of North Idaho College.

Accountant McGroarty shared North Idaho College’s Organizational Chart and wanted to acknowledge all those shown on the presentation slide in addition to our part time and student staff we have 10 full time employees. As of our last payroll, we have 27 full time and part time in total.

Our enrollment data from 2018 fall to 2023 spring shows our 5-year average and the change during that time period, 3 year as well and the same for our spring semesters. For 5 year we have lost 983 at 19% in fall and in spring was 959 at 19.50%.

Snapshot for spring enrollment shows types of head counts so we have academic students at 1,970, career and technical and dual enrolls, who are not paying any part of this fee, and non-degree so that's the 3,960. This is duplicated where you can see our face-to-face, hybrid and online offerings.

The \$180 student service fees in FY 2020 we collected \$923,000 and now we're down to \$749,000 so about \$174,000 in total and a little less than 19%.

Fiscal Year 2024 budget highlights – we talked about the 5% decline compared to FY2023 actual that reduces us from 4,163 down to 3,955. Revenue-wise puts us down about \$38,000, 2023 to 2024. Salary and wages – the budget includes a 4% annual increase for our 10 benefit-eligible employees per the Idaho State Governor's office recommendation. Secretary Garcia will be presenting the college budget tomorrow night and there might be some change to that. We are prepared to follow the college in whichever direction that might be.

Secretary Garcia shared that the college is proposing an 8% change in employee compensation in an effort to retain employees.

Commissioner Armon asked if the college passes 8%, you will also go to 8%?

Accountant McGroarty shared that the budget is at 4% so we would have some adjustments to make.

Commissioner Armon talked about when we are looking at enrollment, one of the arguments is enrollment has been declining for many, many years, college losing its draw. It's out of touch with the education system at this point in time. How much of that 20% decline in enrollment since 2018 is due to the economy versus a lack of desire for a community college to be in existence here?

Accountant McGroarty shared there are a couple different factors - the economy because people are out in the workforce. We know these numbers align with national averages. We talk as an institution about the numbers going down. We have folks like Jason who are accompanying our recruiters out to high schools. Another impact on recruitment and retention is what we are doing here, creating an environment where students like to come and supplement their learning environment with a campus environment. It is a focus of the college to turn that around.

Secretary Garcia shared we are pushing enrollment really hard right now. Last year when Dr. Swayne first got here, we worked with an external consultant who looked at our data and helped us come up with target groups.

NIC has rested on the traditional model of community colleges where high school graduates come here after high school and then a group of nontraditional students. What we've discovered is that the decline in the number of high school graduates is smaller than our decline in students transferring to us. We're making a big effort to go out to the high school students to make them more aware of NIC. We're really focused on growing our enrollment and targeting the population that we see opportunity with. Another strategy we are using right now is we're going after stop outs.

Commissioner Armon shared he brings up enrollment because it's a lot of our life blood of revenue so if it's going to continue down this steep downward path, maybe we need to be aware of how far down we'll be if enrollment continues to decline. Commissioner Armon asked if there has been any further discussion with Lakeland about dual enrollment because dual enrollment has become a pretty big revenue source for the college.

Accountant McGroarty shared that it has and it's tied up some of our resources. As we see more and more of that dual enrollment population finish in two years, in May they're graduating here and in June they're graduating from their high school so that's certainly impacting numbers as well. I think it was the small Lakeland charter school.

Secretary Garcia confirmed it was the STEM Charter Academy. It is also one of the things, with regards to the levy, that Dr. Swayne is talking about so if these levies don't pass and they can't have theater arts, can we have our instructors go to the high schools and teach theater arts at an adjunct rate and then we get the \$75 per credit from Advanced Opportunities and the high schools get the opportunities for their students. The high schools wouldn't have to use their money to pay for that because the state is paying us to pay our instructors. If someone has to let go of a theater instructor at Coeur d' Alene High School because they don't have levy money to pay for it, can we hire that instructor as an adjunct to go back and teach in the high school? We're trying to be creative about what's happening in our community.

Accountant McGroarty shared about RFPs, original contracts and dining services. We have a 5.15% weighted average increase to our meal plans. Last year we spoke about Pepsi and Coca-Cola bidding at the same time. We did select Pepsi which was our existing provider and we have a deal with them through August, 31, 2027. Our interest income was increased quite a bit so we were able to collect on some accounts receivable dollars and move them to the Idaho State LGIP fund.

The bookstore is impacted by a couple different factors as we go forward. OER, Open Educational Resources, and Project Z in Idaho where free and low cost openly licensed educational material can be used for teaching, learning, research and other purposes. The program helps bring down the cost of course materials for students. The financial impact is lower sales and reduced commissions.

The second impact is ACCESS also known as Inclusive Access or First-Day Complete which provides students digital course materials by the first day of class. Students are charged a course fee to their student account. We piloted this program in Fall 2021 and Spring 2022 but had to pause due to resource allocation and it was a very manual process.

Commissioner Armon asked of the DHC properties, the bookstore is probably the least absolute necessity whereas you can't do dining services or residence hall online. How much are we losing on the bookstore right now? What do we owe as of 2023 and what's the budget for 2024?

Accountant McGroarty shared we are not losing anything with the bookstore because we have no risk. It's all commission based. If we have an opportunity to go out to RFP this fall, we'll see what those bids look like. They didn't look much different other than digital commission is much lower than physical course material. No risk with commission based.

Dining services, we've had some conversations about what that might look like in the future. Do we have a mandatory meal plan? Do we operate a little market that would suffice as long as we are servicing our campus population and not taking on all the risk that we're doing with the cost-plus model? Reviewed our weekly plus our flex meal plans with a \$100 increase in each of those and no change to our flex amount which is our lowest one at \$1,475. The weekly flex plan we offer either the 5, 7 or 9 meals. It's up to the student whether they go on weekday evenings or weekends.

Our Residence Hall, currently we have 17 summer contracts with us. We had a little over 30 last year. We had a couple larger groups. The Idaho State Department brought in 10 people in for the summer to do work in this area. We are hoping to rebuild our summer camp housing as well. 211 beds for the entire year get us to break even. Maintenance expenses include a larger HVAC project split system and this is year 2 of the 5-year plan. We paid \$35,000 in year 1 and we're prepared to do that again this year but the college has paid for that and going forward years 3 through 5, that's all going to be consolidated this summer. DPW is paying for that project so it's going to save us about \$151,000 in total. We have carpet, interior paint, windows, blinds usually done annually but we had a pause the past couple of years because they were in good shape.

Secretary Garcia added that this fiscal year that we are almost ending, the Department of Public Works gave us about 7 million dollars for deferred maintenance on campus. We have a software program in our facilities department that keeps track of all the things that need to be done for building maintenance. The DHC buildings are not treated any differently than any other building on campus. They have to increase the facility condition index of the facility itself in order for us to use the money for it.

Accountant McGroarty shared for residence hall occupancy we're forecasting an average semester 180 just less than 91%. With accreditation, there is still a 5% enrollment decline. We have received 101 deposits compared to 103. We're going up \$85 on a single, \$50 on a double. Our summer rates depend on the type of room and number of nights staying.

Compared to LCSC and U of I, they haven't published yet but compared to 2022-2023, we're just a little bit higher than LCSC but favorable to U of I.

The total cost of occupancy for a single room with a meal plan from \$4,825 to \$5,300 per semester and for a double is \$3,625 to \$4,100 for a double, times two for the academic year.

Student Union Operations shows what percentage of operational costs are attached to the student service fee. As this number increases there are more costs less revenue. We do have a little bit of a downturn here. We had our student union operations coordinator depart in January of this year so we have some salary savings in both this year and next year.

Secretary Garcia shared she is in the process of changing Accountant McGroarty's job into being more of a business manager for the DHC because of the nature of the service contracts and the way that has changed over the years as well as the fact that with our student union operation's manager leaving, Accountant McGroarty is now managing the union as part of the DHC operations. We are working collaboratively with HR to change his position to create a job description that more reflective of the work that he is doing and the experience and knowledge that he has. We have built something into the budget to account for that.

Accountant McGroarty shared that some of the maintenance expenses we've projected for next year are on a smaller scale, entryway carpet, entryway window flashing and stair repair-resurface.

Our Student Wellness & Recreation Center is directly impacted by our 5% projection decline. We are always talking about hours and operation. We're looking at our usage reports so we're dialing that in on what's the best time and with feedback from our Associated Students of North Idaho College (ASNIC). Our 2016 bond includes principal and interest. We're in the second year. Preventative maintenance, we have a company called My Fitness that comes in biannually to inspect the equipment and if necessary, make the repairs to that. The repairs have been very minimal so we're in good shape through next year. FY2025 will be start the replacement cycle.

The Student Service Fee Fund is the mechanism to collect student fees and is represented as the \$93 component of the \$180 total.

Debt-Service Summary, SWRC Student Fee Revenue Bond Series 2016 principal outstanding is \$7.66 million dollars.

Fund Balance History - we are maintaining a fund balance of over \$4 million dollars.

Regarding Facility Maintenance, The Bookstore, The Market and the Caffeinated Cardinal, depending on what happens with the potential contractors, we might want to focus on getting a different footprint. The bookstore is one area that is rather large for that operation at this point so we may want to reclaim some of that space. Dining Services looks a little dated. When we brought Follett on as a provider for the bookstore, they paid for that \$250,000 remodel. Dining Services is a very different model. The contractors want us to pay for it although they would pay for the price up front.

Commissioner Armon asked what is the total cost of maintenance that we are looking at? Do you have any idea on an annual basis, what the costs are going to be? If we're looking at the costs for 24-25, what is the amount to those, these are the ones that aren't going to be covered by DPW?

Accountant McGroarty shared that the cost is about \$60,000.

Discussion on preferred communication methods and schedule of additional meetings to update information for the DHC Commissioners.

Secretary Garcia suggested we have a stream of communications so we are not inundating the DHC commissioners but are keeping them informed at certain touch points. The timeline could change depending on what happens with these different touch points as we have a better understanding of where we are at.

- Mid to Late-June – Share an update to Accountant McGroarty's information and Secretary Garcia could provide some college context to Accountant McGroarty's update as we are getting to the point of closing the fiscal year because we will have a fairly good idea of where we are at.
- When we receive a response from the Commission and we know what that looks like, Secretary Garcia could share a communication with the DHC Commissioners about what her plans are, what she knows or is aware of what is going to happen as in the decision.
- Early to Mid-August – Have a subsequent communication dependent upon what happens prior to the start of the school year to share an update on enrollment and specifically what's happening in operations.
- October – Schedule a meeting to reassess where we are at.

Commissioner Thomas made a motion to approve the Fiscal Year 2024 Budget for DHC; Commissioner Armon seconded the motion; Motion passed unanimously.

GOOD OF THE ORDER/PUBLIC COMMENT:

There were no comments.

Action Item: ADJOURNMENT

Commissioner Thomas moved to adjourn the meeting; Commissioner Armon seconded motion; Motion passed. Meeting was adjourned at 3:14 p.m.

DRAFT